

---

**CHALLENGES FACING WOMEN IN ACCESSING CREDIT FROM THE  
CITIZENS ECONOMIC EMPOWERMENT COMMISSION OF ZAMBIA: THE  
CASE OF CROSS BORDER TRADERS**

---

**BY**

**Bruce Lutangu SAMASUMO**

**Supervisor: Ms Rosalie Katsande**

**A Dissertation submitted in partial fulfilment of the requirements for a Masters Degree  
in Women's Law, Southern and Eastern African Regional Centre for Women's Law,  
University of Zimbabwe**

**2014**

## **Abstract**

**This research critically analyses the extent to which a government organisation, the Citizens Economic Empowerment Commission of Zambia (CEEC) established by the CEE Act, empowers the country's women Cross Border Traders (CBTs) in the establishment and growth of their businesses. The CEE Act forms part of a wider policy and legal regional COMESA framework to promote and facilitate CBT, most of which is carried out by women who operate small businesses in the informal sector. Adopting the grounded Women's Law Approach, which has a strong feminist and human rights emphasis, the researcher examines in great detail the legal and other challenges faced by both formal and informal women CBTs in their attempts to access the loans offered by the Citizens Economic Empowerment Fund (CEE Fund). The Fund is specifically intended to benefit marginalised groups, especially women in the informal sector, who have been historically disadvantaged and excluded from Zambia's recent privatisation drive. Relying on the voices of informal women and men CBTs at four popular Zambian CBT centres, government and NGO officials, relevant legal, policy and other literature, the researcher discovers that there are several challenges which prevent women, especially informal CBTs, from accessing the Fund. Most of these factors arise directly from the fact that the specific gendered needs of the lived working realities of women in business, in general, and in informal CBT, in particular, were not seriously investigated prior to the drafting of the Act. As a result, their specific needs were not accommodated in the design or operations of the Commission or its Fund. Consequently, the research found that both female and male informal CBTs eschew the Fund, preferring to operate their businesses autonomously and to borrow from their own informal co-operative-type revolving fund whenever they need funds to sustain them. Prior to making some recommendations to improve the situation, the researcher also highlights certain other weaknesses inherent in the establishment, management and control of the Commission and its Fund including inadequate funding, lack of independence and poor staffing.**

## Table of contents

Table of contents.....	iii
Declaration.....	v
Dedication.....	vi
Acknowledgements.....	vii
Acronyms and Abbreviations .....	viii
List of legislation .....	ix
List of human rights instruments .....	ix
CHAPTER 1 .....	1
1.0 INTRODUCTION AND BACKGROUND TO THE STUDY .....	1
1.1 Introduction .....	1
1.2 Background to the study .....	2
1.3 Statement of the problem.....	4
1.4 Objective of the study.....	6
1.5 Overarching research assumption.....	6
1.5.1 Sub-assumptions.....	6
1.6 Research questions .....	7
1.7 Demarcation of the study.....	7
CHAPTER 2 .....	8
2.0 CONCEPTUAL AND THEORETICAL FRAMEWORK.....	8
2.1 Introduction .....	8
2.2 Review of concepts.....	8
2.2.1 Economic empowerment .....	8
2.2.2 Access.....	10
2.2.3 The formal-informal sector dichotomy.....	15
2.2.4 Targeted citizen.....	18
2.2.5 Value chain.....	20
2.2.6 Commercialisation.....	22
2.2.7 Micro and small enterprises.....	24
CHAPTER 3 .....	27
3.0 METHODOLOGICAL CHOICES AND RESEARCH DESIGN.....	27
3.1 Introduction .....	27
3.2 Methodological Choices .....	28

3.3	Data collection methods .....	33
3.3.1	<i>Personal interviews</i> .....	33
3.3.2	<i>Focus group discussions</i> .....	34
3.4	Some limitations of the research.....	34
3.5	The research journey, design, sampling and sources.....	35
CHAPTER 4 .....		36
4.0	LINKING THE FINDINGS WITH THE RESEARCH ASSUMPTIONS.....	36
4.1	Challenges faced by women in accessing credit from the CEEC .....	36
4.1.1	<i>Registration of the business entity</i> .....	36
4.1.2	<i>Formalisation and financial obligations</i> .....	40
4.1.3	<i>Lack of business literacy</i> .....	42
4.1.4	<i>Categorisation</i> .....	47
4.1.5	<i>Commercialisation</i> .....	49
4.2	Challenges faced by the CEEC .....	52
4.2.1	<i>Inadequate Funding</i> .....	52
4.2.2	<i>Political interference</i> .....	53
4.2.3	<i>Lack of autonomy</i> .....	54
4.2.4	<i>Poor staffing</i> .....	54
CHAPTER 5 .....		56
5.0	CONCLUSION AND RECOMMENDATIONS .....	56
Bibliography .....		58

## **Declaration**

I, Bruce Lutangu Samasumo certify that this is my original work. It is an honest and true effort of my personal research. I certify that this work has not been presented anywhere else for any other thesis.

Signature.....

Date.....

### ***Dedication***

*This is to you, Dad, the late Mr. Leonard Jeremiah Sikute Samasumo, in honour of your unwavering and consistent guidance and love as a father and a friend. MYSRIP.*

## **Acknowledgements**

I wish to express my sincere gratitude to the Norwegian Government for the generous scholarship for this programme.

I also wish to thank Prof. Julie Stewart, Dr Amy Tsanga and Ms Rosalie Katsande for their commitment to this programme, the visiting lecturers from across the globe for their timely help.

The management of the University of Zimbabwe and the faculty of Law, the staff at the Women's Law Centre, Rudo Makunike, Blessing Tsomondo, Sesedzai Munyaradzi, Cecilie Mariri, Primrose, and Johnson.

Your efforts were very valuable to the successful completion of this programme. To you all, I say, thank you.

## **Acronyms and Abbreviations**

CBT	Cross border trader or trading (CBT)
CBTAZ	Cross Border Traders Association of Zambia
CCEE Act	Citizens Economic Empowerment Act, No. 9 of 2006 (as amended)
PACRA	Patents and Companies registration Agency
TEVTA	Technical Education, Vocational and Entrepreneurship Training Act



## **List of legislation**

Citizens Economic Empowerment Act, No. 9 of 2006

Citizens Economic Empowerment Amendment Act of 2010

Technical Education, Vocational and Entrepreneurship Training Act of 2005

Zambia Development Agency Act, No. 11 of 2006

## **List of human rights instruments**

COMESA Gender Policy, 2002, Addis Ababa, Ethiopia

COMESA Treaty: 1993. Kampala, Uganda

# **CHAPTER 1**

## **1.0 INTRODUCTION AND BACKGROUND TO THE STUDY**

### **1.1 Introduction**

Zambia has a population of approximately 15,500,000 (fifteen and a half million) people (CSO, 2010). The total number of adults in gainful employment stands at about 5,499,673 (five million four hundred and ninety-nine thousand six hundred and seventy-three people) (CSO labour survey, 2013). Of these, 84.6%, 4,652,253 (four million six hundred and fifty-two thousand two hundred and fifty-three) are working in the informal sector either as self-employed people or working for someone in either a micro or small enterprise of a diverse nature ranging from agriculture, transport, service industry and general trading. The remaining 847,420 (eight hundred and forty-seven thousand four hundred and twenty) or 15.4%, are employed in the formal sector.

Cross border trading (CBT) is one such enterprise in the informal sector. According to an official from the cross border traders' desk at the Common Market for East and Central Africa (COMESA) secretariat, women account for 70% of the cross border traders (CBTs) in the COMESA region. This is also evidenced by the large numbers of women in both the COMESA markets of Lusaka and Livingstone.

Governments of the COMESA countries recognised the importance of informal CBTs. This is evidenced by the COMESA treaty signed by state parties to the treaty in Kampala Uganda in 1993. The treaty has the primary objective of:

‘Facilitating intra-regional transport and trade within sub-Saharan Africa’  
(COMESA 1993).

Furthermore, the state parties to the treaty have successively reviewed the regional trade instruments to include policies that ease the cost of conducting trade between and among member countries. One policy of particular relevance to the CBTs is the Simplified Trade Regime (STR). This is a policy that was put in place by the COMESA aimed at overcoming the various challenges experienced by CTBs in order to promote trade among member states. It is discussed in detail in the background of this study.

In Zambia one of the initiatives that the government put in place to promote economic growth was the establishment of the Citizens Economic Empowerment Commission (CEEC) by an Act of Parliament in 2006. This is an institution whose primary objective is to promote the growth of micro and small scale enterprises to help with economic growth and poverty reduction. The CEEC is administered by the Ministry of Commerce, Trade and Industry. The Ministry is responsible for the implementation of national policy on economic development.

This research was, therefore, born out of my need to examine whether the CEEC was extending its financial and developmental assistance to cross border traders in line with its mandate as outlined in the CEE Act. This was because CBT (cross border trade) is a major component of the economic growth machine of the Zambian economy.

## **1.2 Background to the study**

The Zambian economy is heavily reliant on copper production. In the First Republic, under the United National Independence Party (UNIP), the party which led Zambia to Independence in 1964, the government adopted a policy of promoting national economic growth through the indigenisation and Zambianisation of industry as a route to economic growth for the nation as well as enhanced participation of Zambians in economic activities. The policy came into force four years after Independence, on 19 April 1968 when the then Republican President, Dr Kenneth Kaunda, announced the Mulungushi Reforms at the Mulungushi Rock of Authority in Kabwe.<sup>1</sup> The objective of the reforms was to streamline economic development in line with the socialist ideology of the then government. The reforms brought about two developments.

- All large scale corporations and multi-nationals were nationalized. This led to the formation of the Zambia Consolidated Copper Mines (ZCCM), which at its inception was one of the largest copper mining corporations in the world.
- Ownership and control of minor businesses in and around the black communities was reserved for Zambians only.

---

<sup>1</sup> Mulungushi Economic Reforms. National Address by President Kenneth Kaunda at Mulungushi Rock of Authority., p. 28.

The rationale for the above was that government ownership and control of the major economic sectors, especially copper mining, was necessary because it would allow the state to distribute evenly between all citizens the nation's wealth derived from the proceeds of the copper industry. Reserving ownership and control of local and minor businesses would allow the citizenry to participate in national development and give them a sense of belonging and ownership as Zambians.

The fall of copper prices on the London metal exchange which began in the late 1970s saw a sharp rise in poverty levels amongst Zambians. Government parastatals were also failing to make a profit because they had relied heavily on subsidies from the government obtained from copper sales for their operations. Zambian business women and men failed to thrive as the government, the major economic player then, could not sustain the copper driven economy.

With the failure of nationalized industries and parastatals, the government then turned to micro and small enterprises as a way of providing gainful employment for citizens and ultimately a route to economic recovery. This brought about the enactment of the Small Enterprises Development Act. The primary objective of this Act was to facilitate the growth of local industries in the micro, small and medium sectors of the economy. This saw the establishment of the Small Industries Development Organisation (SIDO) which was a government-controlled institution established to steer growth in this area. Unfortunately, this was also a parastatal which was ineffective because it suffered from the same financial, bureaucratic and political challenges as other parastatals. Despite its poor performance, the fact that it was established means the government then had already realised the importance of the informal sector as a major player in the growth of the economy.

The coming of the Second Republic with a return to multi-party politics in 1991 saw the Movement for Multi-Party Democracy (MMD) forming a government. The new government brought in a lot of changes. The most prevalent was the adoption of the structural adjustment programme whose strategies of economic recovery among others were the privatisation of all state owned companies, liberalisation of the economy and currency devaluation. Although privatisation of state enterprises did put control of the sold companies into private hands, it did not, unfortunately, result in any significant empowerment of Zambians through ownership. Liberalisation of the economy meant that price controls were effectively

abolished and the pricing of goods and services was left to market forces. It also meant the quoting of prices for goods and services on the market was done in United States dollars. This brought a sharp rise in prices of all commodities on the market leading to more want in the financially unstable populace. Devaluation of the currency meant that the national was losing more value against the US dollar leading to unexplained and regular price hikes.

In a bid to cushion the people against the negative impact of the economic reforms, the government then came up with a number of poverty reduction strategies, one of which was the enactment of the Citizen Economic Empowerment Act, Number 9 of 2006. The Act established the CEEC and subsequently the CEEF, whose role, as stated in section 3 of the act is:

‘To promote broad based economic empowerment of:

- (a) Targeted citizens,
- (b) Citizen empowerment companies,
- (c) Citizen influenced companies and
- (d) Citizen owned companies.’

While the CEEC seems to disburse sufficient funds to the groups mentioned in (b), (c) and (d), this seems not to be the case in regard to those group (a), the group into which falls CBTs in the informal sector. Not much in terms of research has been done to establish how effective the CEEC has been in empowering citizens and nothing has been done on how effective the CEEC is in administering the CEEF for broad-based economic empowerment in the informal sector, more so in the CBT which is the primary source of livelihood for many women.

It is for this reason that I conducted this study to establish whether or not women in the informal sector who are involved in CBT are readily accessing funds from the CEEF which was primarily established for the empowerment of all economically marginalised citizens of Zambia involved in or ready to start any form of venture.

### **1.3 Statement of the problem**

‘Women in informal cross border trade are as much a feature of Africa’s borders as immigration officials, barbed wire and bureaucracy’ (Trade Mark East Africa, 2014). This

statement implies that women are a major component of the cross border trade that goes on between and among countries in Africa to a level that they have become a visible and vital element in the development of the economies of their respective countries.

In Zambia, women in informal CBT are facing a lack of access to credit to boost their businesses. However, with the establishment of the CEEC, there is hope that these women will finally have their challenge addressed. The CEEC has the mandate to provide the informal sector with loans to help boost the growth of the sector and, in the process, foster the personal development of the entrepreneurs and the overall economic growth for Zambia.

The eight millennium developments goals (MDGs) are part of a universal drive that seeks to eradicate poverty in its various forms. MDG 3 specifically speaks to women's empowerment through the promotion and enhancement of gender equality in all interventions that state parties adopt. This brought out a need in me to find out the level of inclusion of the marginalised in poverty reduction interventions implemented by the government of Zambia.

This study was therefore narrowed down to an interrogation of the effectiveness of the CEEC in availing credit facilities and developmental capacities to women in informal CBT. This was so because section 6 (1) of the CEE Act outlines the main function of the CEEC which is:

‘To promote the empowerment of citizens that are or have been marginalized or disadvantaged and whose access to economic resources and development capacity has been constrained due to various factors including race, sex, educational background, status and disability.’

The CEEC has been and continues to give loans to Zambian business people to boost enterprise and employment creation. Since the primary goal of the CEEC is to target the marginalised and economically disadvantaged, I found it prudent to examine their effectiveness in availing credit to the marginalised by focusing exclusively on women in informal CBT who, according to the trade mark East Africa and an official from the COMESA secretariat, make up 70% of the CBTs in the COMESA region. As Farah El-Mokaddem, the African Development Bank's new Resident Representative in Egypt, says:

‘The economic empowerment of women is a hidden opportunity for our continent.’<sup>2</sup>

Was the government of Zambia conscious of gender implications in the interventions that it was implementing through the CEEC? This is what this study set out to find out.

## **1.4 Objective of the study**

The main objective of this study was to establish whether the CEEC was fairly distributing the available resources to all deserving citizens as provided by law and, if it was not, to generate the best possible interventions to ensure an equitable distribution of the available funds to all business people.

## **1.5 Overarching research assumption**

The study had a main assumption from which were drawn six sub-assumptions. This main assumption was that:

‘The CEEC does not avail credit facilities to women in informal CBT making it difficult for them to effectively grow their businesses.’

### **1.5.1 Sub-assumptions**

1. Women in cross border trade (CBT) are unable to access credit because conditions at the CEEC require a business to be registered.
2. The informal and formal business sector dichotomy is a major challenge for women in accessing credit from the CEEC.
3. Women in the CBT are unable to register their businesses because of costly registration procedures and their implications.
4. Low business literacy levels among women in CBT make loan servicing a challenge, making it difficult for them to access loans from the CEEC.
5. Fixed repayment procedures make it difficult for women in the CBT to effectively access and service loans from the CEEC.
6. The commercialisation of transactions by the CEEC has made the institution veer away from its mandate of facilitating access to financial resources for businesses of the marginalised.

---

<sup>2</sup> African Development Bank, 2014. North African Women & SMEs: An opportunity hiding in plain view.

## **1.6 Research questions**

These were drawn directly from the abovementioned sub-assumptions.

1. Are women in cross border trade (CBT) unable to access credit because conditions at CEEC require a business to be registered?
2. Is the formal and informal business sector dichotomy a major challenge for women in accessing credit from the CEEC?
3. Are women in CBT unable to register their businesses because of the costly registration procedures and their implications?
4. Do low business literacy levels among women in CBT make bureaucratic procedures in loan applications a major challenge, making it difficult for them to access credit loans from the CEEC?
5. Do the fixed repayment procedures make it difficult for women in CBT to effectively access and service loans from the CEEC?
6. Has commercialisation of transactions by the CEEC made the institution veer away from its mandate of facilitating access to financial resources for businesses for the marginalised?

## **1.7 Demarcation of the study**

This study revolves around women CBTs in Zambia. I took care to inquire about where there is a high concentration of the target group. The COMESA market in Lusaka is one such place. Another is the Nakambala market in the commercial farming town of Mazabuka where I live. It is about 120km (one hundred and twenty kilometres) south of Lusaka along the Lusaka/Livingstone road. Other relevant points were the Chirundu border post and the Livingstone COMESA market. I spent two days at each of these points. I also targeted key informants in the relevant government ministries and the CEEC. Other relevant informants were male CBTs in the markets, COMESA officials and national executive members of the Cross Border Traders Association of Zambia (CBTAZ) whose head office is in Lusaka at the COMESA market. I also targeted officials from several Non-Governmental Organisations (NGOs). The above marked the extent of my inquiries which I felt were adequate for an informative study.



## **CHAPTER 2**

### **2.0 CONCEPTUAL AND THEORETICAL FRAMEWORK**

#### **2.1 Introduction**

In promoting the economic empowerment of its citizenry, the government has put in place laws fostering the said empowerment. The CEE Act is one such law. The theory surrounding the implementation of this law is that, the fact that it is in place, means that it is implemented in the manner in which it is laid down, with all the targeted citizens benefiting from the implementation of the various economic empowerment strategies. This is a liberalist approach which the Zambian government has adopted. The assumption here is that since the law is in place and the structures charged with the responsibility of implementing the said law are also in place, then the implementation must achieve the intended objective of broad-based economic empowerment for the targeted citizens.

The above marks the bounds within which this study was carried out in that this study examined the implementation patterns of this law by the CEEC to find out whether the CEEC was indeed achieving the set objectives of the said law, which is empowerment of the citizenry. It remains to be seen from the findings whether or not that CEEC does really meet its main objective.

#### **2.2 Review of concepts**

##### **2.2.1 *Economic empowerment***

To empower is simply to increase the social, economic and political strength of marginalised individuals. Economic empowerment thus means enhancing the strength of the marginalised by ensuring that they gain more control of their lives by deliberately supporting the efforts they make in their self-help economic projects.

Support for and employment creation in itself for the masses for their own as well as national development is a function of the government. Because this is so, it follows then that the self-employment initiatives of the citizenry in the informal sector must be fully recognised by the government and they must be supported. In the CEEF, the government has a viable and economically beneficial system which should help in achieving this outcome. The

implementation of the various poverty reduction strategies of the CEEC then ought to benefit the intended beneficiaries who, according to the CEE Act, are those citizens with little or no access to the economic resources and developmental capacities available to other Zambians. Women in informal CBT fall into this category. Whether or not these women do in fact benefit from the CEEF is the basis of this study.

The CEE Act defines ‘empowerment’ as:

‘An integrated broad-based and multi-faceted strategy aimed at substantially increasing meaningful participation of targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies in the economy and decrease income inequalities.’

The above definition implies that since the primary reason the Act was introduced was to empower the citizenry, it follows then that every intervention that the CEEC puts forward must not only have economic and social benefits for both gender, but must also include the various enterprises in which both women and men are involved. Since women in CBT are a vital contributor to the GDP of Zambia through the various taxes they pay and the economic gain they bring to their families as they trade, it follows then that the empowerment strategies that the CEEC puts in place must include them so that they too benefit from the credit facilities available to targeted citizens as required by law. This provision, therefore, adequately includes women in CBT in the whole process of empowerment of citizens of Zambia.

The above is further backed by function (g) in Section 6 (2) of the CEEC as stipulated in the Act which says that the commission must:

‘Mobilise resources for economic empowerment programmes.’

Since the empowerment programmes must be inclusive of both genders and equally avail opportunities to all targeted citizens, women empowerment through their accessing funds and opportunities from the CEEC is guaranteed by the Act.

The CEEC also has, in section 6 (2) (h), the function to:

‘Review the framework for the provision of development services to micro and small businesses in response to changing circumstances.’

The above provision means that the government did realise that there may be situations and times when some sectors in the micro and small enterprises bracket may not be adequately covered by the financial assistance offered by the CEEC for one reason or another. Therefore, periodical reviews of the framework and guidelines governing the distribution of development services is a must to ensure that there is graduation in the framework towards the inclusion of all other sectors previously left out. This provides a crucial advantage for women in the CBT because they stand a chance, guaranteed by law, to benefit from financial assistance offered by the CEEC and also from all other business opportunities made available to the business sector by the government.

The nature of the policy in place determines which sector receives government assistance, thereby determining who has and does not have access to the available resources.

### **2.2.2 Access**

The online dictionary defines ‘access’ as ‘the ability to benefit from’.

Zambia has legal pluralism as a system of governance. She has statutory laws and customary laws running parallel to each other in a form of governance fraught with conflicting views. Zambia’s statutory laws are gender-sensitive and are inclined to be gender friendly to both women and men.

On the one hand, statutory laws do provide for equal rights for both genders in terms of ownership and control of economic resources that enable the Zambian citizenry to enjoy equal opportunities in accessing, owning and controlling these resources. From this perspective, developmental projects fostered by the government are inclusive of both women and men. This is an approach based on the human rights development method of fostering development for the country. There is an assumption held by the government that the fairness that is in the wording of the law should translate into actual fairness in the distribution of the assistance from the CEEC to all. However, this fairness and equity in the law may not really translate into tangible fairness when the distribution of the developmental assistance to the people is done. And so this study was carried out to discover the truth.

On the other hand, customary laws also provide for selective ownership and control of the economic resources necessary for the personal and wholesome economic development of Zambian society. This in effect entails that there is exclusion in terms of ownership and control of the economic resources that are essential for the development of people. This exclusion is based on the stereotyping in terms of gender roles that society has assigned to both women and men. Traditional Zambian culture is such that the ownership of economic resources such as land, livestock and machinery is a preserve of men. This is so because Zambian customary law regards women to be helpers of the male fraternity and cannot own or control the economic resources that are available in society (*Martha Mwiya v Alex Mwiya 1977*).<sup>3</sup> This was a case involving the divorce of a customary marriage in the western province of Zambia where the local court decided that the woman was not entitled to a share of the property acquired during the marriage despite having contributed to its acquisition. Subsequent appeals to the Magistrates' Court and finally the High Court of Zambia both saw the decision of the local court upheld. Zambian customary law says women only have and enjoy access to property, in whatever form, through their relationships with husbands, family and parentage. They do not own property. The reasoning behind this is that since women are helpers, they should only have access to the resources because they work for the well being of the family. This exclusion of women from ownership and control is practised today and contributes to the stereotyping of both genders. It is seemingly invisible unless one critically analyses the living reality and context of the situation at hand but it is a glaring truth in that it is a much researched phenomena and has been found to be holding.

In this study, the influence of gender stereotyping based on culture and custom was undertaken in order to find out if it has any influence in the manner of distribution of the developmental assistance offered by the CEEC to women in CBT. This was done to establish the extent of the exclusion, especially in terms of the ability of women in informal CBT to effectively access and utilise the financial and developmental capacities that the CEEC avail to deserving Zambians. As seen from the case above, ownership does have a bearing on accessing the property in question. In the case of the women in CBT, most owned their businesses outright. With ownership of the business firmly in control of the women, it was

---

<sup>3</sup> Mushota L, 2003. Family law in Zambia: Cases and materials, p.11.

only prudent for the government, through the CEEC, to ensure that the women received the required help to boost the growth of their businesses.

Women CBTs need access to the financial assistance that the CEEC is mandated by law to offer deserving citizens who are in business, regardless of whether they are in the formal or informal sectors of the economy. The government did realise about twenty-eight years ago the importance of nurturing the informal sector. This is evidenced through the enactment of the now repealed Small Enterprises Development Act of 1996 which aimed at the promotion of small and medium enterprises in the economy. This shows that the government realised at that time that the informal sector is a vital component in the developmental growth of its economy. This is evidenced by a number of Acts of Parliament and policies that have over the years been put in place to ensure that an economic climate favourable for investment is in place.

In the Third Republic, when Zambia adopted multi-party politics in 1991, the government of Zambia drastically changed its economic policy from being government-controlled to one being private-sector led. In order to protect its citizenry from the dangers of failure to participate directly in economic activity, the government put in place the CEE Act in 2006 which was meant to provide the economically disadvantaged with the means with which to engage in self-employment activities that not only sustain their lives but also help create employment for others and, ultimately, foster economic growth for the country. The CEE Act mandates the Commission through the exercise of its various functions to ensure that the targeted beneficiaries of the incentives provided by the Act have access to the same.

Section 6(2)(h) of the Act mandates the CEEC to:

‘Review the framework for the provision of development services to micro and small businesses in response to changing circumstances.’

Access to economic resources for women has been and continues to be a big challenge for everybody, especially women, in every sector. In Zambian culture, ownership and control of the means of production of land, capital and labour has been a preserve of the male gender. Women have had access to these resources by virtue of the relationships they share with the

men who surround them, family ties, marriage and friendship. In many cases, this access is also dependent on the strength of these relationships.

Over the years, scholarship and peoples' experiences have revealed that this constrained access is unjustified and needs to be done away with so that both women and men may have equal access to the means of production. This is so because full access to these resources means one has the chance to develop oneself fully. This is one reason why the CEEC has the following function laid out in the Act.

Section 6(2)(n) mandates the CEEC to:

‘Promote a savings culture amongst citizens.’

It is not possible for one to save if they do not have access to and control of resources for their personal development. Therefore, the above provision obliges the CEEC to ensure that each and every deserving citizen is granted equal access to the benefits of accessing financial credit from the CEE fund so that they are able to plan for themselves in terms of how they may best employ the developmental assistance to which they are entitled. The benefits include the ability to make choices that give direction and meaning to their lives.

Another function of the CEEC which ensures access to financial credit for the marginalised is Section 6(2)(p):

‘Keep under review the economic empowerment policy.’

This function provides that there must be periodical reviews of the governing economic empowerment policy which should ensure that care is taken to make adjustments to current empowerment policies so that they are coherent with the changing environment in the economy. Where gaps are identified in the laws and policies that govern the implementation of the empowerment strategies, to the point of unfair exclusion of other would-be beneficiaries, requisite adjustments by way of amendments to policy or legislation must be made. This will ensure that access to financial assistance for the marginalised from the CEEC is guaranteed.

Section 6(2)(v) also provides that the Commission is to:

‘Monitor and evaluate economic empowerment initiatives.’

This provision mandates the CEEC to conduct regular reviews of the impact of their strategies to gauge whether they are achieving the objectives set forth in their interventions. This is vital because it helps bring out the challenges being faced by the beneficiaries from which lessons are learnt and adjustments made in an effort to guarantee the success of the interventions.

The CEEC faced a number of challenges in implementing their economic empowerment strategies. The government sought to correct this through the passing of the Citizens Economic Empowerment Bill of 2010 which was reviewed by a specialized Parliamentary Committee on Economic and Labour Affairs which gave its report to the Speaker of the National Assembly during the tenth National Assembly on 23 September 2010.

The following quote is taken from the Report of the Committee on Economic Affairs and Labour on the Citizen’s Economic Empowerment (Amendment) Bill, Number 37 of 2010 for the fifth session of the tenth National Assembly appointed on Thursday, 23 September 2010.

‘Whereas banks lend money at commercial rates, the Commission on the other hand intended to lend empowerment funds at affordable rates in view of the rationale to empower the marginalised Zambians.’

The reason commercial banks had vigorously opposed the CEE Fund was that in the principal Act, management and control of the Fund was limited to the participating commercial banks and fund managers. The problem with this was that the commercial banks tended to view the CEEC as a competitor rather than a client and partner. This was so because the CEE Fund managers were also the senior officers of the same banks through which the CEEC disbursed its loans. The banks themselves were in the business of lending money at competitive rates determined by the Bankers Association of Zambia, while the CEEC was lending money at half the rates of the commercial banks.

According to the Report of the Committee on Economic Affairs and Labour on the proposed CEE Amendment Bill of 2010:

‘The Commission had experienced some hurdles in effectively implementing the “Access to Finance Policy” such that they had reached no agreement with any fund managers and financial institutions except for Access Bank on the management of the Fund. The main issues bordered on competing and conflicting interests as well as management fees. Whereas banks lend money at commercial rates, the Commission on the other hand intended to lend empowerment funds at affordable rates in view of the rationale to empower the marginalised Zambians. As the Act required that the Fund be administered by the fund managers and financial institutions, it became unpractical for the banks to lend CEEC money at a lower rate, while their own money was at higher interest rates.’

The Amendment Bill was subsequently passed into law and the main amendment was that the management and control of the fund changed hands from the fund managers and financial institutions to the CEEC. It was hoped that this new development would enhance the timely disbursement of financial assistance to the intended beneficiaries and in the process speed up the empowerment process.

### ***2.2.3 The formal-informal sector dichotomy***

The formal sector:

‘Refers to all enterprises and individuals in the country that are registered with a tax authority or a licensing authority such as the Zambia Revenue Authority (ZRA), Patents and Companies Registration Agency (PACRA) or a local authority (District Council).’<sup>4</sup>

The informal sector ‘refers to unregistered economic activity.’<sup>5</sup>

The concept of formal sector has been well defined in the economic arena. It has specific attributes to it that have enabled a precise definition possible. In chapter 3 of the Zambia Labour Force Survey Report of 2012, published in September 2013, entitled ‘Concepts and definitions’, the formal sector and formal sector employment have been described as institutions and employment in institutions registered with the ZRA, the PACRA or the Licensing Board at District or Provincial level. Employment in the formal sector is thus construed to be that which is in a duly registered entity as stipulated by existing Acts of Parliament.

---

<sup>4</sup> CSO (2012) Zambia Labour Force Survey Report, p. 12.

<sup>5</sup> CSO (2012) Zambia Labour Force Survey Report, p. 12.



The report does not give a definition of the informal sector. It only gives that of informal employment which it describes as follows:

‘Informal employment is characterized by the lack of entitlement to annual paid leave and absence of social security entitlement. This type of employment could be found in both the formal sector and informal sector enterprises’ (CSO, 2012).

The above definition is ambiguous in that it does not differentiate between the formal and the informal sector. This is so because the informal sector has been defined differently in many contexts depending on the nature of the economic variable being looked at.

‘The term “informal sector” has been used to describe an extremely wide spectrum of activities, which do not necessarily have much in common, such as tax evasion, corruption, money laundering, organised crime, bribery, subsistence farming, barter, petty trade, and the stealing of state property. This is problematic for the design of public policy as these activities may raise very different (and conflicting) policy issues’ (Bernabè 2002).

For the purpose of clarity, this study used of the four definitions highlighted by Bernabè (2002) associated with the informal sector under which the targeted respondents of this study fell. This definition was:

‘The informal sector is composed of business activity that is undertaken to meet basic household needs. In developing countries, the term “informal sector” has broadly been associated with unregistered and unregulated small-scale activities (enterprises) that generate income and employment for the urban poor’ (Bernabè, 2002).

The above is the informal sector category into which women in CBT fell. Since the women in informal CBT were all in business primarily to sustain their families, it follows that their businesses are unregistered and unregulated.

In comparison therefore, the main differences between the two sectors are that:

- The businesses in the formal sector are registered with authorities, whilst those in the informal sector are not.

- The businesses in the formal sector are legal and, therefore, have a guiding policy set by the government which is administered through the relevant ministry, whilst those in the informal sector have no policy guidelines and are unregulated.
- The businesses in the formal sector are regulated by law through specified operational procedures whilst those in the informal sector are not.
- The legally recognised and regulated businesses in the formal sector have legal protection from the government while those in the informal sector do not.
- Formal sector enterprises are characterized by mass production, use of capital intensive technology and incorporation whilst the informal ones produce on a small scale, are unregistered and family owned.

The foregoing means that businesses in the formal sector have protection of the law in that there are safety nets put in place to ensure their survival because these are the business houses that are deemed to run the economy and foster positive economic growth. Some of the measures include access to credit from financial institutions and social safety nets for employees such paid leave, minimum wages and pension schemes. These benefits are unavailable to workers in the informal sector because the businesses in the sector are unregulated by law. This means that there are no set guidelines through policy to hold informal businesses accountable for their activities. This ultimately means that the informal sector has challenges in accessing the benefits of social security, financial stability and business growth that are readily available to the formal sector. With women being the majority of actors in the informal sector, it follows then that their businesses are faced with the challenge of accessing incentives for growth. They then remain poor but have to keep on working because:

‘From the aspects of poverty, social policy and the labour market, the informal sector is important because it provides a considerable source of income and employment in countries where formal employment opportunities are limited and social security is almost non-existent’ (Bernabè, 2002).

Article 11 in the Bill of Rights contained in the Constitution of Zambia mandates the government to honour the fundamental human rights of the people which include granting equal access to economic resources available in the country to all. The CEE Act responds to this obligation by encompassing all citizens in the broad-based economic empowerment measures that the CEEC is mandated to offer the citizenry. This sits well with the human rights instruments to which Zambia is party. The CEEC Act also fulfils the requirements of Article 17(1) of the SADC Protocol on Gender and Development which obliges the state to:

‘Adopt policies and enact laws by 2015 ensuring equal access, benefit and opportunities for women and men in trade and entrepreneurship.’

The Act also fulfil the requirements of other international human rights instruments, such as Articles 3 and 13(b) of CEDAW which speaks of the mandatory empowerment of women through legislation and their rights to freely access loans and all other forms of financial credit. However, it remains to be seen from the findings of this study whether the government of Zambia goes further and actually translates the objectives and contents of the CEE Act into tangible results for women in informal CBT.

#### **2.2.4 Targeted citizen**

The CEEC act defines a ‘targeted citizen’ as:

‘A citizen who is or has been marginalised or disadvantaged and whose access to economic resources and development capacity has been constrained due to various factors including race, sex, educational background, status and disability’ (CEEC Act, No. 9 of 2006).

This means the Act recognises the existence of marginalised people in Zambia and is, therefore, in place to rectify this anomaly. This is also evident that the Act has put in place several provisions to ensure that all targeted citizens in both the formal and informal sectors of the economy benefit from its Fund.

Section 6(1) of the CEE Act reiterates the functions of the Commission as stipulated in the definition of targeted citizen above and in Section 6(2) it goes on to outline that without limiting subsection 1, the functions of the Commission shall be:

‘2 (a) to advise on the necessary changes to various types of legislation for the effective delivery of economic empowerment initiatives.’

This provision is a necessity in this Act because it obliges the government to ensure that there are periodical reviews that look at existing legislation in relation to how its implementation is affecting the targeted citizen. Where a law is found to be creating a barrier to access available economic benefits to citizens, room is provided by the law to ensure that amendments may be made to such remove such offending provisions and their effects.

Section 6(2)(d) is another function of the CEEC which is:

‘To promote the employment of both genders by recommending to appropriate authorities the removal of structural and discriminatory constraints and practices that hinder any particular gender from employment opportunities.’

Since the term ‘targeted citizen’ is inclusive of both genders, it follows that the specific interventions that are put in place by this Act must be user-friendly to both women and men. For the purpose of this study (which looks at self-employed women working in CBT in the informal sector) this particular provision entails that care must be taken when devising and implementing economic empowerment strategies to ensure that every person included in the term ‘targeted citizen’ is catered for. For women in CBT, this provision means that the law does include them in the category of citizens deserving financial assistance from the CEE Fund.

Another function of the CEE Commission in terms of Section 6(2)(b) is:

‘To promote gender equality in accessing, owning, controlling, managing and exploiting economic resources.’

The above provision shows that the CEEC Act is designed to offer financial assistance to economic activity both in the formal and informal sectors and that this assistance must be designed and implemented in a gender-sensitive manner so that it is inclusive of both women and men. This presents a good opportunity for women in the CBT because this law effectively covers them in as far as access to credit from the CEEC is concerned.

### 2.2.5 *Value chain*

The CEEC Act defines this concept as:

‘Any sector of the economy that may have an impact on the empowerment of targeted citizens and includes the specific value additions at all levels of a process in the different sectors of industry.’

This means that the value chain is a process where a business venture uses locally available raw materials/products that may need further handling/refining by other local enterprises until the finished product is made thereby giving employment and profit to other players within the Zambian economy. Value addition is a system used by developing countries as a vehicle for stimulating the growth of local industry. It is a vital tool in that it avails opportunities to various players in an economic set-up. What this means is that value addition is a policy which, if adopted, is usually biased towards the promotion of the usage of locally-produced raw materials to stimulate the growth of industry. This is usually done by deliberately stifling the importation of raw materials as well as finished products. On the one hand, it is done as a way of ensuring that the local producers of raw materials have a ready market for their produce within the local industry while, on the other hand, it is done to ensure that there is a local market that has been starved of the imported finished product and is now ready to buy the local product. It is hoped that this whole process will stimulate the growth of the local industry through the provision of employment for all the participating sectors. The above is a system that is described as one adding value to the growth of the economy.

Section 6(2)(d) of the CEE Act outlines another function of the CEEC which is to:

‘Promote the employment of both genders by recommending to the appropriate authorities the removal of structural and discriminatory constraints and practices that hinder any particular gender from employment opportunities.’

This entails that in all strategies that are implemented by the CEEC, gender parity in the availing of opportunities to both women and men is of paramount importance. Therefore, with regard to the value chain, women must be included to ensure conformity with the provisions of this Act. For the women in CBT this means that at the points where imports and exports are done, their inclusion is vital and necessary for an effective and inclusive value chain. Their involvement in the import and export trade effectively places them in a vital

position and it is imperative that the government ensures that they are included in the value chain because, within the informal sector, they account for 70% of all CBTs within the COMESA region and in Zambia.

Yet a further function of the CEEC contained in Section 6(2)(c) is:

‘To encourage effective and meaningful participation of targeted citizens in the economy in order to contribute to sustainable economic growth.’

This provision means that the government realised that meaningful development is only possible where all targeted citizens benefit equally from the Fund so that all sectors of the economy move in unison as one entity made up of several parts. For example, a rice farmer from western Zambia may be assisted with funds for expansion. His/her transporter may also be assisted with funds for better haulage vehicles to ferry the farmer’s produce to the processor. While the food processor may not be among the recipients of financial assistance from the CEE Fund, he/she may benefit from the value chain through the business brought by the farmer through the transporter and the CBT may buy in bulk and sell outside Zambia in an area of food deficit, like the Democratic Republic of Congo. CBTs are the unquestionable agents of trade between countries and in the COMESA region they are known as agents of food security because they identify excess production, buy such produce cheaply and in bulk and then sell it in areas of food deficit. Their role is vital and as such they need the support of the governments to make meaningful contributions to the growth of the economy and the well-being of their families.

Section 6(2)(e) of the CEE Act requires the Commission to:

‘Encourage effective and meaningful participation of targeted citizens in the economy in order to contribute to sustainable economic growth.’

This provision promotes the participation of various local industries in the value chain in order to avail opportunities to all relevant enterprises in the chain. In effect, this means that for the women in CBT, space must be made available for them to enjoy economic benefits as they engage in their work.

Section 6(2)(e) of the Act mandates the Commission to:

‘Ensure equal opportunities for, and where necessary, ensure preferential treatment to, targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies in accessing procurement contracts and other services of any State institutions.’

This provision obliges the CEEC to ensure that in all their interventions for the economic empowerment of citizens, care is taken to ensure that there is equity and fairness when distributing funds and providing business opportunities to targeted members of the citizenry. The fair sharing of funds between the various sectors for all-encompassing growth and the fair distribution of profitable business opportunities is a key component of the CEEC mandate as is outlined in this provision. Compliance with this provision should ensure that no sector is left out as others move forward. For instance, where there is a programme, such as the livestock restocking project, under the Ministry of Agriculture and Co-operatives, and an opportunity is given to livestock farmers to restock on their cattle, further along the value chain an opportunity will present itself for women in CBT to import animal vaccines and other medicines required for the healthy growth of the livestock. This kind of planning would indeed present profit-generating opportunities to all enterprises in the chain, such as the transporters and the butchers, thus lending credence to the objectives of the Act championed through its carefully drafted requirements.

#### **2.2.6 Commercialisation**

With the reintroduction of multi-party politics in 1991, Zambia entered its Third Republic. The ruling government then introduced a new economic policy of letting the growth and development of the economy be controlled by the private sector through a policy of liberalisation. This brought about the privatisation of state enterprises to remove the government’s burden of having to subsidize its parastatals. It was also aimed at increasing the participation of Zambians in the economy. However, this was not to be because only foreign investors and multinational corporations had the financial capacity to buy into the privatisation process. The majority of Zambians were excluded from this strategy and they continued to languish in poverty. This led to the government coming up with a programme to enhance their citizens’ participation in the economy, culminating in the passing into law of the CEE Act of 2006. The CEE Fund was made into a revolving fund to ensure continuity in the empowerment process. This led to the process of turning the CEEC into a commercial

entity in terms of the Zambia Development Agency Act, No 11 of 2006 (ZDA Act) which Act applies to all state institutions involved directly in the economic development process.

‘To commercialise’ is ‘to transform for profit’. The ZDA Act defines this concept as:

‘The reorganisation of specified Government departments into commercialised enterprises which shall operate as profit making commercial ventures without the subvention of the Government; and “commercialise” shall be construed accordingly.’

Commercialisation of the CEEC was meant to ensure that institution operates on a profit-making basis so that it is self-sustaining in a way. This is so because the institution is funded directly by the Parliament of Zambia through appropriations of monies that Parliament makes available for the CEE Fund. However, it must be noted that this is not the only institution that Parliament funds and that being a developing country, funding for the various developmental programmes of the CEEC may not always be readily available because of various factors, such as budget deficits.

Therefore, the ZDA Act, the Act which outlines the economic policy of the nation, was passed Section 5(3)(a) in Part 2 of the Act mandates the ZDA to:

‘Improve the overall economic performance of the economy through higher productivity in the public and private sectors in order to achieve higher living standards for all members of the Zambian community.’

The ZDA, being the primary driver of the economic policy of Zambia, has the mandate:

‘To foster economic growth and development by promoting trade and investment in Zambia through an efficient, effective and co-ordinated private sector led economic development strategy.’

It is from this premise that the CEEC was turned from being a pro-poor institution to being a commercial enterprise that lends money at a profit. This was a fair or understandable move considering that the CEE Fund was made into a revolving fund which every deserving citizen has the right and privilege to access in order to source funds for business activities intended to improve the quality of their lives.



Several monitoring provisions were put into the CEE Act to ensure that the CEEC does not stray from its mandate of availing financial assistance to the marginalised who must be the driving force behind any poverty reduction strategies that are put in place.

Section 6(2)(j) of the CEE Act which mandates the CEEC to:

‘Commission and conduct research for economic empowerment’

is a key component of ensuring the effective and fair operations of the CEEC. Essentially, the Commission must conduct research that should help the institution with the devising of strategies to combat poverty and in the process raise the standard of living of the economically disadvantaged. This effectively means that however commercialised the institution is, it is still an economic empowerment conduit for the citizenry and must, therefore, work at finding the best ways of ensuring that it meets its goal without undue discrimination against the intended beneficiaries to the CEE Fund.

The CEEC’s function in terms of Section 6(2)(p) of the CEE Act which is CEEC to:

‘Keep under review the economic empowerment policy’

enables the CEEC to regularly evaluate and monitor the performance of the intervention strategies that they have in place to see whether they conform with the needs and aspirations of the beneficiaries. The evaluations also enable the CEEC to check whether the interventions themselves are producing the desired results in line with the goals of the CEEC.

### ***2.2.7 Micro and small enterprises***

In its preamble, the CEE Act recognises gender equity in economic empowerment programmes as cardinal to the effective broad-based economic empowerment of Zambians. The Act prescribes that the CEE Act is one of several Acts which are designed, among other things, to:

‘Promote gender equality in accessing, owning, managing, controlling and exploiting economic resources’

and, in terms of Section 6(2)(h) of the Act, to:

‘Review the framework for the provision of development services to micro and small businesses in response to changing circumstances.’

The CEE act defines the concepts ‘micro enterprise’ and ‘small enterprise’ as set out below.

“‘Micro enterprise’ means any business enterprise whose amount of total investment, excluding land and buildings and annual turnover does not exceed a numerical value prescribed by the President and which employs up to ten people.’

“‘Small enterprise’ means any business enterprise whose amount of total investment, excluding land and building and annual turnover does not exceed a numerical value prescribed by the President and which employs up to thirty persons.’

All the women’s businesses in CBT fell into the micro enterprise category because none of them employed more than ten people.

Through the CEE Act, the government recognises that micro enterprises are key in providing employment to the masses in the informal sector. This is why the current government runs a policy of spearheading a private-sector led economy which focuses on nurturing the informal sector because it is such a vital tool in the creation of employment and ultimately economic independence for the citizenry and the nation.

According to Section 6(2)(f) of the Act, it is the function of the CEEC to:

‘Promote the subcontracting of services, materials and equipment from targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies.’

In this case, the CEEC has the mandate to ensure that the citizen-owned enterprises have a chance to benefit from the various business transactions that are government-controlled. This is meant to give business opportunities to deserving citizens who have a chance to profit by doing business with the government. With the availability of various government-led development-oriented programmes, the informal sector stands a good chance of benefiting. CBTs are especially well placed in the Zambian economy because they are the ones who know where and how to source materials for many developmental initiatives. This is so

because Zambia is not self-reliant in terms of the production of finished goods and, therefore, relies heavily on imports. CBTs can be a part of the supply chain of enterprises that offer services to the government through the importation of required developmental materials.

## **CHAPTER 3**

### **3.0 METHODOLOGICAL CHOICES AND RESEARCH DESIGN**

#### **3.1 Introduction**

This study is about the lives of self-employed women whose source of income for their personal as well as family sustenance is cross-border trading or CBT. As Zambia is a landlocked country, it thrives on establishing and maintaining good relations and trading routes with its neighbours. The policy of the government has always been to encourage its citizens to trade with surrounding countries in order to acquire for Zambia goods which are not locally available. Over the years women have come out to form the majority of cross-border traders or CBTs. Most of this CBT is done by the informal sector within the COMESA region.

This chapter is about the four approaches I adopted in my collection and analysis of the data to support the informed and comprehensive research. The approaches are qualitative as opposed to quantitative in nature. This is so because the experiences of the women in informal CBT in accessing loans from the CEEC and the actions of office bearers in the CEEC who must respond to the needs of the women whose experiences are being investigated are looked at from the quality of delivery and receipt in line with the existing law. The sample of respondents does not necessarily need to be large for accurate findings to be arrived at. As long as the selected sample is representative of the whole of the people being investigated, the findings are accurate.

The examination of the law governing the manner of availing credit to marginalised Zambians (who in this study are women in informal CBT) also formed a critical part of the findings of this study. The findings from the interviews, the examination of the laws governing access to credit and the data gathered from book or literature research were all brought together to produce the final outcome of this study.

### **3.2 Methodological Choices**

Being a developing country, Zambia has put in place laws and policies to support the growth of the informal sector to levels that may sustain the livelihoods of the workers in the sector as well as help the economy to grow.

The CEE Act of 2006 is an Act that was put in place primarily to ensure that the economically disadvantaged people in Zambia are given a chance to engage in economic activities that will help to improve the quality of their lives. The main object of the Act is specifically to target the marginalised groups of Zambian society by way of facilitating their entry into and growth of business enterprise. It is hoped that the enactment of the CEE Act should enhance the ability of the marginalised to take control of their lives and, in the process, contribute to the positive economic transformation of the nation.

In this study, I endeavoured to establish how the CEE Act had been implemented with regard to the fulfilment of its main object, that of availing financial assistance to the marginalised, especially women CBTs who operate within the informal sector. I decided that the most formidable way of achieving this was to start by looking at how this law is working for the women themselves by engaging with women CBTs in oral interviews. This helped me to find out from the women themselves whether the CEE Act was indeed being implemented by the government in line with the main objective of the Act.

Engaging with women in interviews proved to be an informative experience because it helped me to relate with the women and their personal experiences in CBT while keeping in mind the existing law that is meant to offer incentives to help these women better their lives. Interviews brought out firsthand the nature of the relationship between the women and the CEEC.

Engaging and interacting with women in CBT during the research also helped me to see for myself the effects of the nature and extent of the implementation of the CEE Act. These personal interactions helped me to decide how best to engage with the written law in terms of examining the manner of its implementation by the CEEC.

The manner of implementation of law in any given scenario reflects the policy of the government in that particular area. The way the CEE Act was being implemented reflected the current policy of the government in the economic empowerment of informal CBT. As far as I was concerned, the best way to find out about this was to inquire from the women in CBT how the CEEC was engaging with them in terms of its mandate of disbursing financial credit to needy Zambian business people. Interviews with the CEEC officials and those from the Ministry of Commerce, Trade and Industry then followed to ensure that data was gathered from all relevant informants. This was meant to ensure that all data collected is triangulated to ensure accuracy of the findings.

The working environment of women in CBT in Zambia is mainly the economies of the countries within the COMESA region. This is so because these countries have signed an economic agreement fostering good trading relations between and among member states. The trade agreement called the COMESA Treaty is binding on all countries that are party to it. It is an agreement that outlines how trade is to be conducted within the region amongst member states.

Under the Treaty, all parties to the agreement endorsed that they will adhere to and put in place requisite legislation to ensure that the principles of the Treaty are applied in their respective nations and are made a part of their national policies to make trade between and among member states fair and profitable to all. Specifically, this was done to examine whether the COMESA policy of nurturing informal CBT amongst member states was being adhered to. Therefore, an analysis of the CEE Act, the CEEC Amendment Act, the ZDA Act and the Zambian Constitution to find out whether there are provisions to that effect formed an integral part of this study. This was done to ensure that I establish whether the law that supports CBT is available or not, and, if so, whether there is a corresponding policy to support the same. Further, this analysis was done to establish the manner of implementation of the existing law to find out whether the implementation was in line with the initial objects of the laws and policies guiding the disbursement of financial assistance to women in CBT.

When I first went into the field, I had a general assumption of the whole situation that women in CBT were facing a serious challenge in terms of access to the financial assistance offered by the CEEC. What I had in mind was that there was the CEE Act that was in place and it had put the women on an equal footing. However, interaction with the women in the field

revealed the diversity of situations in which each and every woman in the CBT find themselves.

I went into the research environment believing I was going to deal with one group of women who are in CBT. During the interactions I had with them as I went about my research, I discovered that there were several variations within the same group. This happened when I started interviewing the women. A number of variables came up which I had not anticipated. For instance, I had not known that among the women in CBT there were sections in terms of specialization. There were those whose area of expertise was household goods while others were into clothes, motor vehicle spares, food, beverages, pesticides and animal vaccines and medicines. All this came out after I had engaged the women in investigative interviews where each of the answers they would give to any of my questions invited the asking of another question to clarify the situation.

This was done to ensure that whatever issue cropped up during the interview was examined there and then to ensure there were linkages in the flow of information about the topic at hand. Often times, there would be situations where the interview would digress away from the topic because the information being so gathered had suddenly become relevant to the research. A case in point was when I was interviewing CBTs at Lusaka's COMESA market when I had just discovered that all of the fifteen women CBTs I was interviewing at that particular time were all talking about the CEEC financial assistance being unavailable to the CBTs. Each interviewee kept talking about how the women CBTs and CBTs in general had given up on loans preferring to stick to the rounds they engaged in as a better source of money to help boost their capital base.

The above statement made me seek clarification from the women in terms of monies from rounds being used to boost capital bases because I had earlier been told by many that monies realised from rounds were strictly for household upkeep. This culminated in a fruitful focus group discussion of seven women from which I drew valuable insights into the challenges women in informal CBT face on an every day basis.

This open approach to the research became a determining factor to the changes I had to make to the forth assumption in my research design. Initially, my forth assumption was as follows:

‘Low literacy levels among women in Cross Border Trade make bureaucratic procedure in loan application a challenge, making it difficult for them to access loans from the CEEC.’

However, during a focus group discussion with women at COMESA market, it came to light that all the women could read and write fairly well because they all had received basic education up to Grade 9 (Form Two). They also had a basic working knowledge of business accounting and had a way of calculating their profits and losses. The knowledge they did not have was that of the standard accounting system that the law requires in an established business enterprise from which the Direct Taxes Division of the ZRA could calculate value added tax. They also lacked the accounting skill to numerically estimate the level of growth of their businesses in a given financial year. Be that as it may, they still had a working knowledge of profit and loss which had kept and was keeping their businesses afloat to ensure their survival and continued employment. Hence forth, my forth assumption evolved from what it was initially as:

‘Low literacy levels among women in informal CBT make bureaucratic procedure in loan application a challenge, making it difficult for them to access loans from the CEEC’

to:

‘Low business literacy levels among women in informal CBT make loan acquisition and servicing a challenge, making it difficult for them to access loans from the CEEC’

In the field, I preferred to keep an open mind by making sure that I did not restrict myself to the predetermined questions that I had laid down in my research design. Instead, I let the interactions with the women unfold freely and reveal the nature of their lives as women CBTs in relation to the legally promised access to financial assistance in terms of loans from the revolving fund at the CEEC. In the process, I discovered that the women were not as homogenous a group as I had earlier thought. This came to light when I had a focus group discussion with women at the liquor section of Lusaka’s COMESA market. There, the women had conflicting ideas on who was and was not eligible for loans. This was a discussion that introduced the other women who are also engaged in CBT. The discussion was about which women had benefited the most from CBT, the ones I was then dealing with because they pay very little customs duty, if any, and who over the years had managed to



build a fairly comfortable lifestyle of their own, or the women with formalised businesses who were also CBTs but operating from uptown shopping malls in the first class areas of town. These were called ‘the big importers’ who paid and complained about customs duty every day of their lives.

The one major benefit I got from that focus group discussion was that it introduced women CBTs with formally registered businesses who I realised would be capable of meeting the perceived stringent requirements for loan acquisitions that women in CBT in the informal sector were seemingly unable to meet. This discovery would later prove to be a valuable point of comparison in terms of gauging the performance of the CEEC by looking at how equitable the distribution of the available financial assistance and other developmental services was.

In the course of the study, I came across phenomena which I did not expect to manifest in this research. It kept popping up randomly to the extent that I decided to include men who are in the lives of the women in CBT as well as men who are CBTs themselves. The point is that during interviews, some women would bring in the role of their spouse in the business to the point that I realised that I needed to include men, not as an afterthought, but a major component in the study.

Again, I came across several men who are CBTs themselves and decided that I needed their input in the study for purposes of comparing and contrasting the women CBTs from the men CBTs in terms of their levels of access to the funds and business development capacities available to Zambian business people from the CEEC. This proved to be a cardinal issue during the analysis of data such that the inferences drawn from the comparisons were able to assist in my understanding of the nature of the issues that emerged from the study as unexpected but glaring truths.

The CEEC Act is absolute in section 6 (2) (b) in its provision to promote gender equality in accessing, owning, controlling, managing and exploiting of economic resources. The inclusion of men in the study meant that I would then be able to look at CBTs of both genders in order to check and verify whether there was a fair distribution of the available financial and developmental services offered by the CEEC to women and men.

This type of analysis was cardinal to the study in that during the analysis of data collected from the field, it helped to bring out what the nuances that surround the sharing and distribution of national resources mean for poverty reduction and economic development strategies in Zambian society. Zambian society is such that it runs on two parallel structures of statutory and customary law. Both have a bearing in terms of how society assigns roles to either gender. Therefore, I found it critical to examine what the manner in which the CEEC distributes the monies from the revolving fund meant for poverty reduction and developmental strategies by comparing the distribution patterns for both genders.

Part 3 of the Zambian Constitution contains the Bill of Rights which protects all persons from discrimination. Since Zambia is party to a number of international and regional human rights instruments, it follows that in all of its transactions with members of the public the government must always respect, protect and fulfil the human rights of her citizens. This means that, in relation to this study, whenever the government is effecting developmental programmes, it is obliged to consider the rights of citizens in the design and implementation of all programmes. This is to ensure that the developmental programmes are inclusive of all members of the Zambian society regardless of their race, sex, status, disability or educational background.

When I was in the field, I endeavoured to find out how the implementation of the CEE Act was fairing in terms of fairness in its distribution of the CEE Funds to the marginalised. This approach helped me to find out whether there was equity in the disbursement of financial credit to targeted citizens in the various economic sectors of the Zambian economy and whether the disbursement was gender sensitive.

### **3.3 Data collection methods**

#### **3.3.1 *Personal interviews***

The primary method of collection of data that I used was the personal interview. The advantage I found with this style of collection of data is that it gave me the chance to clarify all issues that emerged during the interview. This proved essential to the study in that it allowed me to exhaust an issue when an answer from a respondent raised a point which required further probing. This method was especially crucial because during data analysis, I

found out that I did not have many issues that required further inquiry because most had been exhausted during the interview process.

### **3.3.2 *Focus group discussions***

Focus group discussions were another method of data collection that were useful in highlighting issues that would otherwise remain unanswered during interviews. This emerged prominently whenever there was a personal and sensitive issue that an interviewee felt uncomfortable about. In such cases, I always made a note to bring up the unresolved point during a focus group discussion. In these *fora*, any unresolved issue was easily discussed by the group in a much more general sense making it easy for me to gather the necessary data for the study.

The focus group discussion was a format that freed the participants from the tension of having to discuss an issue from a totally personal perspective. As a result of these discussions, I found out that the women were more comfortable talking about very personal issues when they were surrounded by their colleagues with whom they shared a great deal in common. This made everyone open up because personal issues were discussed generally without any one feeling too exposed.

The above was especially evident when the support of a spouse for the woman's business was under discussion. Most women did not want to discuss this directly with me but were very open about it in a group discussion. I eventually discovered that of the fifty (50) women I interviewed, twenty-two (22) were married, one was in a polygamous marriage and the rest were unmarried, divorced or widowed. One woman explained that husbands were not a popular topic of discussion with women in CBT unless they themselves were also involved in CBT.

### **3.4 Some limitations of the research**

There were times during the study that I had difficulties in getting to interview certain people, especially officials in government, NGOs and some women who were always absent from their business premises. These were the ones I ended up having to give issuing questionnaires to mostly towards and during the festive season. The women were usually away from their

shops and stalls having gone out on business, while the government and NGO officers were just unavailable. In order not to completely lose out on their valuable input, I formulated questionnaires to capture whatever data I could from them. Although the data from the questionnaires was not as exhaustive as I would have liked, it did nevertheless give me valuable insights pertinent to this study.

### **3.5 The research journey, design, sampling and sources**

I started the research journey by choosing the research site. I located the Lusaka and Livingstone COMESA markets, Mazabuka's Nakambala market and the Chirundu borders as primary research sites. I did this because these places have the highest concentration of CBTs.

In terms of the sampling of respondents, I started off with random sampling of women in CBT. As the study progressed, I included another random sample of men in CBT. I also included a selected sample of ten (10) women in CBT who are in the high income bracket and have formal businesses that are duly registered with the PACRA.

The officials from government and the NGO sector were selected by virtue of the ministry and offices under which they serve. The sampling was both random and stratified.

My primary sources of data were the women and men involved in CBT and officials from the Ministries of Gender, Commerce and Finance. Others were officials from the NGO sector. Other sources included books, Parliamentary Reports, journals, Acts of Parliament, internet and government reports.

## **CHAPTER 4**

### **4.0 LINKING THE FINDINGS WITH THE RESEARCH ASSUMPTIONS**

#### **4.1 Challenges faced by women in accessing credit from the CEEC**

The CEEC has set criteria which all applicants for financial assistance in terms of loans must meet before their applications can be considered. The criteria are standard for all business entities wishing to access the loans on offer.

##### ***4.1.1 Registration of the business entity***

The CEEC requires that any applicant must be from a registered entity. Registration must be with the PACRA, the Registrar of Societies in the case of a co-operative or the small and medium enterprises department of the ZDA when the business requiring a loan is an informal micro or small scale enterprise. In addition, the entity must then open up a bank account with any of the six participating commercial banks which act as conduits through which monies are disbursed when a loan application is granted. The participating commercial banks are the Zambia National Commercial Bank, The National Savings and Credit Bank, Barclays Bank, Standard Chartered Bank, The Finance Bank of Zambia and Access Bank.

A further requirement is that, for a start up business, a detailed business plan complete with how the monies will be utilised in a profitable manner to ensure repayment is a must before the application can be considered. For an existing venture, a five-year forecast of how the business will be run after monies from the CEEC have been invested is required before the loan application can be considered.

For women in the CBT, these requirements proved to be difficult for them to fulfil because their businesses are small and unregistered. It was from this discovery that I then decided to specifically seek out and interview women in CBT who meet these requirements. I targeted women in the central business districts of Lusaka and Mazabuka in order to use their situation as a point of comparison. All ten (10) women I interviewed had duly registered businesses with the PACRA and were able to meet all the requirements of the CEEC. They were all CBTs.

One woman with an unregistered business from the COMESA market in Lusaka complained that:

*‘Vafuna vintu vambili vamene tilibe.’* When literally translated, the woman was simply saying, ‘They require too many things that we do not have.’

The woman said she had been in CBT for a long time but had not been able to expand her business mainly because it was her job to look after her family. She said she could not afford to keep money in the bank at the level of a commercial enterprise because she needed all the extra money she made from her business for use in her home. She mentioned that she wanted a loan with flexible repayment modalities but could not find one because all financial institutions were the same. During the interview, she made a mental note about making further inquiries about the CEEC and the possibility of approaching them for a loan. She said she needed a loan because she had already identified a viable business venture which was not being exploited by many people.

Another woman who owned a shop at the old Pacific Building at COMESA market in Lusaka said that she did not even know who the CEEC were and had never heard of them. I then explained their mandate to her and that they are a government institution that is meant to empower the vulnerable with flexible repayment terms, to which she replied:

‘I am not interested, the terms and conditions for these people are just the same. They all want their money back.’

She also said that it did not matter whether it was a Christian organisation or government, that as long as it was a loan, they would want their money back, and that their terms were not flexible. She said they demanded a lot of requirements which made it impossible for ordinary people like her and her husband to access the loans. She refused the idea of getting a loan from anywhere or from the CEEC, saying:

‘The rounds I engage in with my friends are better because you don’t have to explain anything to anyone. You just have to be a member of the group, pay your instalment and wait to receive.’

She also said if the CEEC mandate was that good with flexible repayment terms, then they were not advertising the availability of their loans because her husband would have got a loan from them to co-finance a project with a Chinese company which he had since lost to another bidder who managed to raise the required amount. She said her husband had gone all over Lusaka looking for a flexible loan from a financial institution but had failed to find one with favourable conditions. They all required landed property as collateral and the only landed property that the couple owned was their matrimonial home. She said that their home was a vital asset which they could not afford to risk putting up as collateral for fear of losing it. She said together with her husband, they had ended up approaching successful business people within the town who had offered the required amount of money but had then given the stringent condition of wanting to be partners in the venture, a move which the Chinese investors had refused. She said she preferred to stick to the support she received from her husband and from the rounds that she engaged in with her colleagues.

Another 38 year old unmarried woman with four school-going children said:

‘My biggest problem is finding favourable credit facilities for my business to grow. I want to own at least three shops in future. CEEC is not good. They want you to do too many things before they give you money. So I’ve decided am okay with my own money.’

This woman was running one shop at COMESA market in Lusaka where she sold women’s, men’s and children’s clothes. She also mentioned:

‘When there is ready market for anything, I exploit the opportunity. I buy the goods and sell and save the profit. One day soon, I will manage with my own money.’

This woman said she had started her business in CBT from the savings she had made from her small restaurant business in a makeshift stall. She said she was careful with her profits and had reached as far as she had in her business without having obtained a loan from anywhere. She said she knew she would make it. She said the government had promised flexible loans through the CEEC but had gone back on their word by putting strict conditions on people wanting loans.

I also interviewed ten (10) women CBTs who were very successful with their formalised businesses. One on them from Mazabuka said:

‘The CEEC are just not serious. Around here they only give money to people in agriculture. Must we all be in agriculture to receive this money?’

Article 11 of the Zambian Constitution prohibits discrimination on any grounds, including sex, status, educational background and disability. The fact that the CEEC does choose which developmental programmes to support in their various intervention strategies means that they are clearly breaching the provisions of the CEE Act itself, whose primary role is to provide the means of acquiring economic independence for all deserving Zambians. This is selective discrimination. Much as it is accepted that Zambia is a developing country with minimal financial resources, it would only be fair for a detailed programme of action to be drawn up by the CEEC which outlines clearly how its financial and developmental assistance on offer is to be distributed. This distribution must cover all sectors of the economy and include both genders.

Based on the latest 2014 programmes for which the CEEC has reserved funding, it is clear that they are aimed at male-dominated enterprises. At present, mining, lumbering and agriculture are the government’s primary areas of concern. Unfortunately, the marginalised in society tend also to be those who come from a humble education background. The current CEEC-funded programmes include gemstone mining, flower production, honey production, fruit production and other ventures. The challenge here is that all these projects are technical in nature and, therefore, require expertise to be handled at a commercial level in order to produce sufficiently healthy profits to service a CEEC loan.

While women are involved in some place along the value chain of the abovementioned ventures (and because they contain a value chain are eligible for CEEC funding), the fact is that most women are found at the very beginning or production level of the chain and their expertise is usually of a traditional kind involving no specialised formal tuition. So, for example, in the case of the honey production industry in north western Zambia, women are found right at the beginning of the value chain, being the primary producers of traditional honey. They do it cheaply in the forests. That is their level of participation in the value chain. When it comes to the processing and packaging of the honey, however, this becomes the



business of men because their work is technical in nature and involves a lot of expert knowledge. It is a commonly observed fact that the higher one goes up the value chain, the more women disappear from it. Therefore, it is better to keep women in the spaces that they are already established in or where they already feel at home and offer them support right there.

This would be in line with the provisions of Article 13 9b) of the CEDAW which obliges governments to avail women:

‘The right to bank loans, mortgages and all other forms of financial credit.’

The structural discrimination that the CEEC engaged in even with the argument of inadequate funding was simply unjustified. This was so because there were statistics from the COMESA secretariat which clearly showed that 70% of all CBTs in Zambia as well as the entire COMESA region were women. The COMESA secretariat had also tagged the women in CBT as ‘Agents of Food Security’ for the region because of their contributions in terms of the movement of food from areas of surplus to areas of deficit.

#### ***4.1.2 Formalisation and financial obligations***

All thirty (30) women CBTs I interviewed in Lusaka, Mazabuka, Livingstone and Chirundu said they did not want to formally register their businesses because of the financial costs involved. Upon inquiry from one particularly successful informal CBT, I discovered that there are disadvantages for ordinary business women in CBT who might wish to formalise their business. Registration is a process that involves several government institutions. Although the actual payment for the registration certificate is cheap (currently costing US\$15) the implications of registration are far more complicated for women CBTs.

Firstly, there is the registration of a company name with the PACRA. It takes forty-eight (48) hours for the certificate of registration to be issued if one is within Lusaka. If one is outside the capital city, the certificate is ready for collection within seven (7) working days. The cost of the certificate of registration is US\$15. However, this is the easy part. One woman who runs a duly registered boutique in the central business district of Mazabuka recounted:

‘They always advertise that having a registered company has advantages in terms of borrowing but they do not talk about what happens if you do not follow the rules and regulations of a registered company which are cumbersome, especially when you have a small business like mine. Their rules are cumbersome even for me, and I am a graduate of the Zambia Insurance Business College Trust.’

Secondly, there is need for one to obtain a Tax Clearance Certificate from the ZRA. Its purpose is to enable the business person file in VAT returns to match up with the ZRA. It is also used to give an exemption to a business entity from paying VAT when the business has not operated during a particular period. This is done when the business makes submits nil VAT returns. According to one highly mobile woman who is a general dealer in Mazabuka, the submission of nil returns to the ZRA is always treated with suspicion. She said:

‘When you submit nil returns you are calling for VAT inspectors from the ZRA. They think you are making money but you are hiding.’

When asked what she meant, she explained that when she was starting her business about thirteen years ago (when there were far fewer micro-finance companies than currently in existence) and that those that were operating and all the banks then would only deal with a registered company. So, whoever ran a business then and wanted a loan would have to go through the process of registration. Only then would they be able to access a loan from a financial institution. But that, even after securing the loan, she would always buy the amount of goods she was sure she would effectively handle from the point of purchase in one country to her destination. She would always trade in average amounts that attracted little or no customs duty at all. And since she traded from her home, she would sometimes submit nil returns because she may not have received anything from her clients to whom she usually sold on credit. She said this triggered the arrival of VAT inspectors who would need her books of accounts which she had but they would not be up to date because she had her own simple bookkeeping method. She said the inspectors never liked her books because it was difficult for them to track her business transactions.

The third challenge women met with formalisation was that they had to appoint at least two company directors. This presented challenges for them with the NAPSA, a Pension Scheme Authority, set up by an Act of Parliament with authority to sue through the courts any

employer who was not registered with them or who failed to remit specified instalments towards a pension plan for employees of the registered company.

One woman who ran a registered company dealing mainly in women's and children's clothing for four years said she had to abandon her company when she realised the expensive financial obligations that went with it. She said her business was mainly for sustaining her family and that she could not afford to maintain the business at the expected legal standards because, in her opinion, the purpose of the business was to make a profit for the benefit of her family. In her opinion, what was left over (after meeting her family's needs) should strictly have been used to keep the business afloat and not to service any other financial obligation. She said she did not need a big business because it has complications in terms of running it. She said:

‘When you register a business, it is expected to grow and ZRA want to make sure they get their money, just like NAPSA, and the two workers were also saying since they work for a company they must get good money. My workers were poisoned by NAPSA inspectors because I was renting a shop at NAPSA building. They told them that a company can be sued if it is not paying the minimum wage set by the law.’

Then she added in *Bemba*:

‘*Bushe ninshi bonse ku lyamo?*’ Translation: ‘Does it mean everyone must have a cut?’

I deduced from the above that the financial implications that flow from registering a business prompt women in CBT *not* to register their businesses. Since business registration is a major requirement in order to qualify for a loan from the CEEC, it follows that non-registration is an automatic disqualification. This has left women in the CBT frustrated, especially those who need the loans for the purposes of expanding their businesses.

#### **4.1.3 Lack of business literacy**

With regard to business literacy, I found out that the women in CBT have their own version of business skill or expertise, which, I found out, works very well for them. In my research design, I had assumed that women in the CBT lack business skill and that is why their businesses do not grow. Based on the answers I received from my questions along this line of

inquiry, I realised that the kind of business literacy that the women do not have is that which requires the usage of standardized business accounting systems that shows a figurative forecast of how a business has been and is expected to fair given the available capital, in a ready market over a given period. This forecast must show, by way of standardized accounting methods, the following:

- Purchases of items for sale,
- Expenditure incurred in running the business in terms of salaries, allowances, transport and handling charges,
- Sales,
- Costs of incidentals,
- Gross profits,
- Net profits,
- Re-investments, and
- Reserves.

The above is a simple version of the standardized accounting method. The accounting system found to be widely used by the women is set out below:

- Landing cost of purchases: includes cost of goods, transport, food and accommodation'
- Total sales,
- Gross profits,
- Net profits,
- Re-investments,
- Appropriations.

I found out that there are slight differences between the two types of accounting systems. The women learn their accounting system over a period of years from their colleagues and spouses. The major difference between the two systems is what is done with the balance of the money remaining after re-investments have been made to keep the business running at a profit.

During one focus group discussion at COMESA market in Lusaka with eleven (11) women and one man at the liquor section, I pointed out that they were all in agreement that the accounting system required by the CEEC is not good for them or their businesses and asked them why this was so. The man answered:

‘They want details of how you use the capital that you have by showing how the re-investments you make expand the business.’

When I asked what was wrong with that, one woman answered:

*‘Umu ndiye mwamene tidyela, ku sungila banja, ku lipila ma sukulu ya bana ku lipila rent no mangilamo manyumba. Uka gwililila ndalama mu bank osacita chili chonse uza ziononga chabe. Elo iyi business siikula ku chila apa chifukwa ali onse ali nama customers bake. Niya mu ma chapters, Christmas, ma holiday, ma weekend, ngati uli na mwayi bama party nama wedding.’*

Translation: ‘We sustain our lives from these businesses, taking care of the family, payments of school fees, rentals and building of houses. If you keep the money in the bank without doing anything, you will waste it on unnecessary expenditure. And this business should not grow beyond this because we are too many and each one has their own customers. This business is seasonal, it thrives during the festival season, public holidays, and weekends and if you are lucky, people having weddings and parties will come and buy.’

The group was in agreement that the requirements by the CEEC were not good for them and this was their reason for ignoring financial institutions altogether, preferring to remain in the association they had as the liquor section. When I asked what association they were talking about, they said there were teams within the section usually made up of between eight (8) and twelve (12) members who were involved in rounds of giving each other money on a weekly basis. Each member in this group contributed a sum of US\$20 per week to the revolving fund and then the money was given to whoever was next in line. They said this money is what they used for whatever family and other expenses cropped up so that these expenses did not eat into the money they needed for their businesses.

However, I also found out that the CBTs are divided into two categories. There are those with formalised businesses who have good business management skills and are fairly successful at managing and controlling their businesses strictly as business enterprises. Then there are those with informal businesses who also have their own version of business management. I must add here that their version of business management does work well for them. The only

difference between the two groups is that the former gauge their success from the growth of their businesses in terms of the value of their business assets and net worth of their enterprise, whereas the latter rate their success from the amount of money they are able to appropriate from the business for household and family upkeep. They usually leave just enough funds in the business to keep it running at the same constant level.

In line with the above, I endeavoured to find out if the women who kept their businesses running at the same level did have any ambition to grow their businesses like those of the other women who have gone on to formalise their businesses. The answers varied, with some saying they were comfortable with their current set-up because it was manageable and helped them meet their everyday requirements. Others said they did not know how to go about separating their businesses from their family responsibilities but would want to. They said the only courses that were available to them were those offered by NGOs but that the only courses on offer were on basic business skills and they did not need such courses because they already possessed those skills. They said they needed a better course, preferably one from the government, which should show them how to grow their businesses into formidable entities, while at the same time allow them to look after their families.

Section 18(1) of the CEE Act provides:

‘Notwithstanding the Technical Education, Vocational and Entrepreneurship Training Act (the TEVETA) shall in liaison with the Commission, develop a discrete sector plan for purposes of education and skills development for any economic sector.’

The above provision mandates both the CEEC and the TEVETA to work in partnership with each other in broad-based economic empowerment strategies to devise business courses specifically tailored to impart business management skills in the most convenient ways and at the most convenient times for targeted citizens so that they may venture forth adequately equipped to engage in profitable business enterprises that will sustain and improve the quality of their lives.

With regard to CBTs, the Quality Assessment Specialist at the TEVETA stated that their training encompasses all business skills. Graduates of the courses are free to venture into any enterprise of their choice. He also mentioned:

‘There is a deliberate government policy that ensures that all training in entrepreneurship offered by the authority in its various colleges has a 30% mandatory intake of women for which it receives a grant. Where a college enrolls more than 30% of women, there is a 5% of the grant awarded.’

He also stated that there is the exposure of successful women as role models to encourage more women to register for entrepreneurship courses. These, he said, must be given priority when awarding grants and loans from various project monies availed by the government and the donor community. When asked whether this is in fact happening, the government officer said their role ended at the training of the women. He was not sure whether or not the successful women from their programmes were actually awarded the promised monies.

When asked why the TEVETA does not co-ordinate with the CEEC, since they are both government departments enforcing the same government policy on women’s empowerment, he had this to say:

‘Our partnerships as government departments are not co-ordinated because each has a primary mandate which they attend first before they look at those of others. He also said partnerships require meetings of stake holders and no one is willing to fund those since they tend to be outside each one’s budgetary allocation.’

At Nakambala market in Mazabuka, I found out through a focus group discussion that there are other women CBTs who trade informally and needed the loans, but their form of accounting did not meet the standards of the CEEC. They said this had led to the engagement of accounting experts who charge a lot of money. The accounts experts were very expensive because they could afford to wait for you because they were few and had formed a syndicate. The women complained that the once you start using the freelance accountants, you were bound to them because they would have to keep doing your books. They said this was the danger of applying for a loan from the CEEC. The women said the accountants charge per session and their style of work is difficult to understand. The women said their own accounting system works very well for them because it was simple enough for any person to understand. They said the private micro finance companies were happy with their style of accounting and were always happy to go along with it. They said this is what prompted the women to look elsewhere for financial assistance because they were sure the government would not give them. One woman said:

‘They have just reserved the money for farmers. Some of those farmers can’t even read or write but have credit facilities every year in fertiliser, seed and other inputs. They just go with their national registration cards, register and get. What about us?’

The women lack business skill to be able to separate their businesses from their family responsibilities. They need the training but it is simply not forthcoming. Although a link between TEVETA and CEEC has been established in the CEEC Act, an official from the TEVETA says that there is a lack of co-ordination between the two.

The Empowerment Specialist from the Ministry of Gender also mentioned that because his Ministry was small, their reliance on other line ministry structures meant that they had to contend with their mandate being relegated to second place, making it difficult for the Ministry of Gender to run effectively. He said the major challenge for the Ministry was that they could never run parallel programmes with other ministries because theirs was a ministry set up to coordinate women’s empowerment programmes in all line ministries. The Ministry had a hand in every developmental programme of every ministry and, as such, had to rely heavily on the personnel of other ministries to get their mandate fulfilled.

#### ***4.1.4 Categorisation***

Application forms released by the CEEC to the public for the year 2014 outline the sectors of the economy that the CEEC has reserved funding for. They are listed below.

- Livestock. Cattle ranching, Dairy, Goats, Poultry
- Fisheries
- Timber
- Tourism
- Farming. Crop, Fruit and Flower Production
- Stock Feed
- Honey Production
- Edible Oil
- Gemstones



The above are the programmes that the CEEC is currently funding for the year 2014. I have broken down the programmes into the various projects but the broad components are:

- Agriculture
- Tourism
- Lumbering
- Mining

During my field research period, I encountered a number of women CBTs who said the CEEC did not support their line of business. When asked to clarify further, one woman, who is a seasoned and successful business woman in Mazabuka with three (3) different businesses that are all registered with the PACRA, said she had personally attended two separate workshops hosted by the CEEC in two separate towns. One workshop was held at a named hotel in Lusaka and the other one was at the District Business Association offices in Mazabuka. At the workshops, the facilitators said that the CEEC was there for all business houses and that at the end of the workshops, she had at both times obtained loan application forms from the CEEC officials and had duly filled them in and lodged them with the relevant office. This was about three years prior to this study. She mentioned that up to the time of the interview, she had not yet received any feedback from the CEEC. She said she had made follow-ups over her loan application forms and had been told to wait for the time when funds would be available for her line of business. She has a clothing line, a stationery shop, and an office equipment shop. All three are separate business entities duly registered with the PACRA.

I asked the woman if she had met all the requirements for loan approval and she said she had all the necessary paper work to support her application. During the interview, I found out that she employed the services of a freelance accountant who always updated her books of accounts in compliance with the standard system accepted by the ZRA. She said she was up to date with the payment of her taxes and that, in the long run, she had come to the conclusion that the CEEC did not support her line of business.

When asked to clarify her conclusion, she mentioned that she had asked from friends and colleagues who had informed her that unless she was into agriculture, the major economic activity in her area of business operation, she would not get a loan from the CEEC.

This argument made me inquire further into the categories of business that the CEEC purports to support. From the home page of the CEEC on the internet, I downloaded the latest data showing the various programmes in various districts of the country that the CEEC has reserved funding for in the year 2014. I found out that the interviewee was right. The CEEC did have categories of business that they have prioritized in terms of offering financial assistance. I then made a mental note to inquire further from the CEEC as to why this was so.

#### ***4.1.5 Commercialisation***

In the ZDA Act, this term literally means the reorganisation of specific government departments into commercial enterprises with the sole purpose of ensuring that they operate on a profit-making basis. The CEEC is one such entity. Their view (non-state actors) was that the Empowerment Fund should have clear guidelines and mandates on how it should operate, monitoring and control mechanisms to ensure that the finances from the Government and other technical resources are efficiently managed.

Commercialisation entails that all transactions entered into must be formal and legally binding. The entities involved must be those with legal standing, recognised by law as viable entities capable of suing and being sued in a court of law. For the CEEC, this means that the only entities they deal with are those that are formally registered. For the CBTs this requirement is further compounded by the fact that commercialisation of the CEEC was advocated for by commercial banks which were the initial managers for the CEE Fund.

The following is the procedure one must follow in order to meet the requirements needed for a loan approval:

1. For either a start-up or an established business, one must first come up with a detailed business plan, explaining all variables. For a start-up business, one must give details of how the business will operate and how it shall be monitored and controlled in order for it to remain effective and to realise a profit. For an established business, you must give details of the proposed expansion programme. It must cover a five-year forecast

period. The plan must show how it shall operate, who shall be responsible for what part of the project, the nature of the works to be conducted in terms of costs, sales and profits. It should also show with a minimal margin of error how the project will progress to fruition and what the loan repayment set up will be like. The plan must be cost effective and analytical for it to stand a chance of being considered.

2. You must register the business with the PACRA, the Registrar of Societies or the Small and Medium Enterprises Department at the ZDA.
3. You must obtain a tax clearance certificate from the ZRA.
4. You must open a bank account with any of the participating commercial banks.
5. You must fill in an application form from the CEEC, giving full attention to all the sections in the form and then lodge it supported by all the necessary paper work with the CEEC.

Before the loan is granted, there are a number of steps that the CEEC undertakes to ensure full safety of their monies.

1. Firstly, the loan repayment period is determined by the nature of the business and the business plan and differs from project to project. The rate of interest or the cost of the money is determined by the nature of the project. If the project is in the primary industry, it will attract lower interest rates as compared with those in the secondary industry. However, in all cases the interest accruing on all loans offered by the CEEC is lower than that offered by the commercial banks. Currently, the interest rates of the CEEC stand at 10% while those of the commercial banks average about 18%.
2. Collateral preferences by the CEEC for loan approval include landed property, machinery (including the plant of the business operations), signed guarantees from group members in the case of co-operatives and business directors' guarantees.
3. Credit evaluation is a technique used by the CEEC to check whether the applicants and the proposed venture are good investments.

4. The CEEC conducts a ‘viability-of-investment’ analysis of the business venture to establish whether the project, once operational, shall have the capacity to service the loan, be a vital link in the value chain and fully repay the loan. Also the analysis involves an assessment of whether the CEEC will be able to recoup the funds ploughed into the venture in case it fails.
5. The CEEC’s technical and feasibility study is one which analyses whether the project has the capability to run for a long time. This is a case of establishing whether the project has sustainability in terms of being a vital link in the value chain to the point where it becomes a vital component of the economy relied upon by many other ventures for service thereby ensuring its survival.
6. The financial stand of the applicant as a person is used as a major determinant of the CEEC’s approval process. It is used as a measure to determine whether the applicant has enough financial discipline to be a worthy investment. Where the applicant is found to either be financially unstable or running a business that is declining unreasonably, the loan application may not be approved. It may sometimes turn out that the business proposal that is submitted is of a solid and financially coherent business venture but the assessment of the promoter may force the financiers to disqualify the application on account of the promoter being financially unstable or incompetent.
7. The economic impact of the project in terms of job creation and value addition are also variables that the CEEC looks at before they determine whether to approve the loan or not. Projects that have the capacity to create employment for other people within the economy, as well as improving on the quality of the products being produced, be they goods or services, generally have more support from the CEEC. Those that tend to be stand alone businesses are usually given second place. The reason is that they are viewed as businesses that tend to support only individuals and their families and add very little to the value chain.
8. The competence of the promoter is another area of concern that the CEEC looks at as they evaluate loan applications. Effective management of business requires business

management skills. However, other projects, especially those that are technical, require specific expertise in the field being invested in. This is an area of concern that the CEEC is determined to ensure compliance with. For CBTs this entails serious restrictions in terms of what forms of businesses they can engage in.

9. The environmental impact assessment of a project is always vital to the CEEC, especially when a project is land-related.
10. The CEEC also ensures that in whatever programmes they engage, their involvement is in conformity to the current policy of the government. According to the 2014 programme of the CEEC, the running priority areas of investment preference for the government are agriculture, mining, tourism and lumbering. The fact that the Central Statistical Office of the government does not define the informal sector and does not have statistics on this sector's business activities means that it is difficult for the government to formulate policy to guide and streamline the activities in the sector.

## **4.2 Challenges faced by the CEEC**

### **4.2.1 *Inadequate Funding***

The CEEC is a government institution which draws its funding for its operations from three (3) main sources. Section 29(2) of the CEE Act says the CEE Fund shall consist of:

- (a) Such moneys as may be appropriated by Parliament for the purposes of the Fund;
- (b) Moneys received by way of grants, fees, loans or donations for the purposes of the Fund; and
- (c) Interest accrued from any investment made by the Commission or raised through the local stock exchange.

According to an official at the CEEC, the problem the CEEC faces in terms of funding is that, to start with, it is a state institution whose managers are actually public servants. He said:

‘It is common knowledge that public institutions are not well funded. The CEEC is also a public institution. It also receives money which is not enough for its operations even after submitting a detailed programme of action for the following year showing exactly how much we require. The money is never enough because the commission is not the only government institution requiring funding.’

I found this to be major challenge for the CEEC in that it does derail the programmes which they may have laid down in a detailed framework. The official I interviewed said even when they have drawn up a programme, they normally have to wait for the money to be allocated by the Ministry of Finance before they are able to decide which programmes are a priority on their list. He said the available amount of money from the government also determines the extent of the financial credit.

#### ***4.2.2 Political interference***

Being a state institution, the CEEC is prone to interference from the state. At national level, the CEEC is a system manned by a Director General who is appointed by the Republic's President. At provincial level, the Provincial Evaluation Committee is headed by the Provincial Minister. The office decentralization structure only goes up to the provincial level. At district level, the CEEC does not have any strictures and relies on the office of District Commissioner. The District Commissioner just also happens to be the Chairperson of the CEEC Programmes at district level. As a result, this robs the CEEC of any independence that they would have enjoyed had they had their own structures at district level. Also, the Commissioners who sit on the board are presidential appointees and from time to time might receive instructions from the President himself on what or whom to give. This lack of autonomy makes the CEEC vulnerable to abuse by politicians.

This was echoed by the National Executive of the CBTAZ in Lusaka during a focus group discussion where the entire executive was of the opinion that political patronage is one of the reasons why the CEEC is failing to function effectively.

The Economic Empowerment Specialist in the Ministry of Gender said:

‘One of the main challenges we face as a Ministry is that there is a lot of political interference from politicians in economic empowerment programmes, especially for the poor because politicians tend to ignore the laid down procedure.’

He said that the initial part of every poverty reduction strategy is the imparting of basic business management skills to the intended recipients of the financial assistance. Only after the programme facilitators are satisfied with the competence of the recipients in their new

ability to effectively manage the funds will the monies be disbursed. He then pointed out that this process is usually ignored by politicians who go straight into the disbursement of the funds to an ill-prepared people. He said the end result of this is usually that the venture usually fails to thrive because the target group just spends the money on consumables believing that they will be given more. He said this was the case with some of the recipients of financial credit from the CEEC. He also said that his Ministry did not have a sound working relationship with the CEEC because of political influence from the government. He mentioned this as one reason why the efforts of the CEEC are difficult to see.

#### **4.2.3 *Lack of autonomy***

Section 6(6) of the CEE Act states:

‘The President may give to the Commission such general or specific directions with respect to the discharge of its functions as the President considers necessary and the Commission shall give effect to such directions.’

The appointing authority of the Commissioners of the CEEC is the country’s President. This means that the President controls the Commission and has a direct say in its operations in terms of how the disbursement of the funds is to be done and who the beneficiaries are. This is a disadvantage for the institution because it is difficult for them to operate free of state interference.

Section 7 also says:

‘The Commission may, after the approval of the Minister, enter into agreements with any organisation or institution on any matter relevant to the carrying out of the Commission functions under this Act.’

The above is another provision that is equally limiting on the CEEC. It gives the Minister of Commerce, Trade and Industry the power to veto any transactions that the Commission may enter into. This may work against the functions of the CEEC in that the Minister may end up derailing a very good programme that may help in improving people’s lives.

#### **4.2.4 *Poor staffing***

There are inadequate personnel in the CEEC. This is because their offices end up at the office of the Provincial Empowerment Officer who is based in the provincial capital of each of the

ten provinces of Zambia. The rest of the districts are reached by means of employing the services of the office of the District Commissioner. The problem with this arrangement is that the officers manning the office of District Commissioner are not trained economic empowerment specialists. This means they are ill-equipped to handle the delicate business of evaluating business proposals brought in by members of the target group.



## **CHAPTER 5**

### **5.0 CONCLUSION AND RECOMMENDATIONS**

The role of the CEEC in the economic empowerment of the citizens of Zambia is a cornerstone of the development of the Zambian economy. This is so because the policy of the government on economic development involves a two-way strategy that, firstly, promotes poverty reduction through employment creation and, secondly, fosters economic development through the promotion of micro and small enterprises.

The CEEC plays a cardinal role in this programme as it is closely linked to the government policy of broad-based economic empowerment for the citizenry. It is hoped that broad-based economic empowerment for the citizenry when coupled with favourable business opportunities that are in place by way of the laws and policies looked at in this study will ultimately bring about economic development for the country.

It remains to be seen how the government is to promote the empowerment programmes as it strives through research and review of current empowerment policies to drive the growth of the economy.

This study was key in pointing out the direction the government of Zambia had taken in terms of empowerment of the citizenry through credit facilities available from the CEEC. Key respondents were targeted and the findings of this study were such that there was structured understanding of the manner of disbursement of financial credit and developmental assistance from the CEEC to the people of Zambia.

The study showed that the CEEC is well on track towards the effective facilitation of businesses in both the formal and informal sectors of the economy but needs support in terms of finance and technical assistance from the various stakeholders.

In conclusion, the CEEC is a necessary institution but it requires full and sincere support from the government of the day through inclusive participation of targeted citizens from both the formal and informal sectors of the Zambian economy. It is understood that the CEEC as

an institution has financial challenges but since it is a government institution, care must be taken to ensure that the primary objectives of the CEE Act are taken into consideration whenever the budget allocations are made for each financial year. This is to ensure that there is adherence to the standing requirements of the Constitution. This adherence may also mean that a culture of fair and equitable distribution of available economic resources between the sexes is advanced and internalized by all Zambians so that there is inclusive and wholesome benefit for the entire citizenry. Implementation of the CEE Act still remains a challenge but over time the main objectives of the Act should be achieved.

## **Bibliography**

Articles from the Internet.

African Development Bank, 2014: North African Women and SMEs- An opportunity hiding in plain view. Available online at <http://allafrica.com/stories/201403281230.html>

African development Bank, 2013: SME Programme Approval. Boosting Inclusive Growth in Africa. Available online at <http://www.afcb.org/news-and-events/> . Accessed 2/4/2014.

Barberia L et al, 1997: Social Networks in Transition. William Davidson Institute. Ann Arbor. Michigan. U.S.A.

Bernabè S, 2002. A profile of the Labour Market in Georgia. Centre for Social Exclusion. London School of Economics. U.K.

Barry B, 1998: Social Exclusion, Social Isolation and the Distribution of Income. Case paper 12. Centre for Social Exclusion. London School of Economics. London U.K.

Chituwo P, 2010, The Citizens Economic Empowerment Act, 2010: Broad based Economic Empowerment. Available online at [http //dspace.unza.zm:8080/](http://dspace.unza.zm:8080/) accessed 18/02/14.

Golla A.M et al, 2011: Understanding and Measuring Women's Economic Empowerment. Available online at <http://www.ircw.org/publications/> accessed 18/02/14.

Kachungwa E, 2010: Impact, if any, of the Citizens Economic empowerment commission from inception to date. Available online at [//dspace.unza.zm.8080/](http://dspace.unza.zm:8080/) accessed 18/02/14.

Masango, R, 2010: Informal Cross Border trading and Women's empowerment.

Mckenzie, S. M, 2012: African Union Urged to recognise Women's role in Trade. Available online at <http://allafrica.com/stories/201202020061.html>. Accessed 5/4/14.

Miers, H, 2014: Africa: Focus on Gender- Assumptions cloud Empowerment Measures.  
Available online at <http://allafrica.com/stories/201403281230.html>. Accessed 5/4/14.

Powell, A, 2014: Africa: Women Remain Unequal in Work, Politics and Education.  
Available online at <http://allafrica.com/stories/201404010259.html>. Accessed 5/4/14.